

March 12, 2003



JOINT MEETING OF THE RETIREMENT BOARDS

The Employees and Fire and Police Retirement Boards met in a joint session in Meeting Room A, 2nd Floor, City Hall, 2600 Fresno Street, Fresno, California at the hour of 2:15 p.m. on the day above written.

Roll Call at 2:17 p.m.

Present for the Employees Retirement Board:

William Quick	Chair
Carla Lombardi	Vice-Chair
Frank Balekian	Member
Darrell Fifield	Member

Absent for the Employees Retirement Board:

Marvell French	Member
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Present for the Fire and Police Retirement Board:

Brian Burry	Chair
Darrell Fifield	Vice Chair
Carla Lombardi	Member
Paul Cliby	Member

Absent for the Fire and Police Retirement Board:

Stephen Guinn	Member
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APPROVE AGENDA OF MARCH 12, 2003 ;

Approved.

APPROVE MINUTES OF FEBRUARY 12, 2003 ;

ON MOTION of Member Cliby seconded by Member Fifield, duly carried, RESOLVED to approve the minutes of February 12, 2003, hereby approved by the following vote:

Ayes:	Burry, Fifield, Lombardi, Cliby
Noes:	None
Abstain:	None
Absent:	Guinn

ON MOTION of Member Balekian seconded by Member Fifield, duly carried, RESOLVED to approve the minutes of February 12, 2002, hereby approved by the following vote:

Ayes:	Quick, Lombardi, Balekian, Fifield
Noes:	None
Abstain:	None
Absent:	French

TIMED SCHEDULED HEARINGS AND MATTERS

None.

CONSENT CALENDAR

CONFIRM DATE AND TIME FOR THE NEXT
REGULAR JOINT MEETING OF THE
RETIREMENT BOARDS FOR 2:15 P.M. ON
APRIL 9, 2003, FRESNO CITY HALL, 2600
FRESNO STREET, MEETING ROOM 2165-A

Confirmed.

CONFIRM DATE AND TIME OF THE NEXT
INVESTMENT COMMITTEE MEETING
SCHEDULED FRO 1:30 TO 3:30 P.M.,
MARCH 20, 2003,,FRESNO CITY HALL,
2600 FRESNO STREET, MEETING ROOM
2165-A

Confirmed.

CONFIRM DATE AND TIME FOR THE NEXT
ADMINISTRATIVE COMMITTEE MEETING
SCHEDULED FOR 9:00 A.M. TO 12:00
P.M., MARCH 27, 2003, FRESNO CITY
HALL, 2600 FRESNO STREET, MEETING
ROOM 2165-A

Confirmed.

APPROVE MONTHLY BUDGET REPORTS OF
THE RETIREMENT ADMINISTRATIVE
OFFICE FOR JANUARY 2003

Approved.

ON MOTION of Member Balekian seconded by Member Lombardi, duly carried,
RESOLVED to approve the consent calendar , hereby approved by the following vote:

Ayes:	Quick, Lombardi, Fifield, Balekian
Noes:	None
Abstain:	None
Absent:	French

ON MOTION of Member Cliby seconded by Member Fifield, duly carried, RESOLVED to approve the minutes of February 12, 2003, hereby approved by the following vote:

Ayes: Burry, Fifield, Lombardi, Cliby
Noes: None
Abstain: None
Absent: Guinn

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EMPLOYEE PERSONNEL ISSUES

None.

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STAFF INITIATED ITEMS

REPORT FROM LEGAL COUNSEL
REGARDING WESLY V. PERS CASE

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Russell Richeda, Board Counsel, reviewed his report as presented that the Connell case has been renamed the Wesly case, and reported that the PERS Board tried to exercise authority that it felt it had under the California Pension Protection Act, and the State Controller then sued them saying they had no such authority. He further reported the Court took a restrictive view of the California Pension Protection Act and ruled entirely against PERS and that the legal staff of PERS is recommending that the PERS Board take action and they are asking the Retirement Boards in the area, to write a letter signed by the Chairs to the California Supreme Court urging them to review this case. Legal Counsel continues with a summary of the issues and his recommendation, responding to questions and comments from Fire Chair Burry, Employees Chair Quick, Member Fifield, Member Lombardi and Employees Member Balekian.

After some discussion, Legal Counsel Richeda is directed to draft letter for the Chairs to sign to the California Supreme Court and to labor groups and FORCE, asking them to also draft a letter to the Supreme Court.

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BOARD INITIATED ITEMS

CONSIDER RECOMMENDATION FOR THE INVESTMENT COMMITTEE TO RETAIN THE FIRM OF KENNEDY ASSET MANAGEMENT TO MANAGE A SMALL CAP VALUE PORTFOLIO AND TO LIQUIDATE THE SMALL CAP VALUE INDEX PORTFOLIO WITH BGI TO FUND THE ACCOUNT

Administrator McDivitt reviews and summarizes the recommendations from the Investment Committee as presented.

Fire and Police Chair Burry entertains a motion to approve.

ON MOTION of Member Cliby seconded by Member Fifield, duly carried, RESOLVED to retain the firm of Kennedy Asset Management to manage a small cap value portfolio and to liquidate the small cap value index portfolio with BFI to fund the account, hereby approved by the following vote:

Ayes:	Burry, Fifield, Lombardi, Cliby
Noes:	None
Abstain:	None
Absent:	Guinn

Employees Chair Quick entertains a motion to approve.

ON MOTION of Member Lombardi seconded by Member Fifield, duly carried, RESOLVED to retain the firm of Kennedy Asset Management to manage a small cap value portfolio and to liquidate the small cap value index portfolio with BFI to fund the account, hereby approved by the following vote:

Ayes:	Quick, Lombardi, Balekian, Fifield
Noes:	None
Abstain:	None
Absent:	French

CONSIDER RECOMMENDATION FROM THE INVESTMENT COMMITTEE TO RETAIN THE FIRM OF PRUDENTIAL ASSET MANAGEMENT TO MANAGE AN ENHANCED DOMESTIC FIXED INCOME INDEX PORTFOLIO AND TO TERMINATE THE SERVICES OF CREDIT SUISSE EFFECTIVE MARCH 31, 2003

Administrator McDivitt reviews the recommendation reporting changes to Credit Suisse portfolio, and based on due diligence recommending firm of Prudential Asset Management as replacement, Prudential adds an enhanced level of risk manager, and reviews issues with Credit Suisse.

Chair Quick entertains a motion to approve recommendation as presented.

ON MOTION of Member Lombardi seconded by Member Fifield, duly carried, RESOLVED to retain the firm of Prudential Asset Management to manage an enhanced domestic fixed income index portfolio and to terminate the services of Credit Suisse effective March 31, 2003, hereby approved by the following vote:

Ayes: Quick, Lombardi, Balekian, Fifield
Noes: None
Abstain: None
Absent: French

Chair Burry entertains a motion to approve recommendation as presented.

ON MOTION of Member Cliby seconded by Member Lombardi, duly carried, RESOLVED to retain the firm of Prudential Asset Management to manage an enhanced domestic fixed income index portfolio and to terminate the services of Credit Suisse effective March 31, 2003, hereby approved by the following vote:

Ayes: Burry, Fifield, Lombardi, Cliby
Noes: None
Abstain: None
Absent: Guinn

CONSIDER RECOMMENDATION FROM THE
ADMINISTRATIVE COMMITTEE TO
INTRODUCE BOARD POLICY FOR
REIMBURSEMENT OF EMPLOYEE BOARD
MEMBER TIME AWAY FROM THE
EMPLOYEES ASSIGNED DEPARTMENT

Administrator McDivitt briefly reviews the administrative changes to the Policy and recommends approval.

ON MOTION of Member Balekian seconded by Member Lombardi, duly carried, RESOLVED to introduce amendment to Board Policy for Reimbursement of Employee Board Member Time away from the Employees Assigned Department, hereby approved by the following vote:

Ayes: Quick, Lombardi, Balekian, Fifield
Noes: None
Abstain: None
Absent: French

Chair Burry entertains a motion.

ON MOTION of Member Fifield seconded by Member Cliby, duly carried, RESOLVED to introduce amendment to Board Policy for Reimbursement of Employee Board Member Time away from the Employees Assigned Department, hereby approved by the following vote:

Ayes: Burry, Fifield, Lombardi, Cliby
Noes: None
Abstain: None
Absent: Guinn

CONSIDER RECOMMENDATION FROM THE ADMINISTRATIVE COMMITTEE TO APPROVE A FEE PROPOSAL AUTHORIZING THE BOARD'S ACTUARY TO EVALUATE A NEW OPTION TO ALLOW RETIRED MEMBERS WHO ARE CURRENTLY ONLY ENTITLED TO A LIFETIME PENSION TO PROVIDE A CONTINUANCE BENEFIT TO THEIR CURRENT SPOUSE

Administrator McDivitt summarizes the issues of the recommendation as presented, refers to report from Mercer Human Resources Consulting regarding cost neutrality. Board Counsel Richeda and Administrator McDivitt respond to questions from Employees Member Balekian and Member Fifield.

ON MOTION of Member Balekian seconded by Member Lombardi, duly carried, RESOLVED to approve fee proposal of \$1,500 per system authorizing the Board's Actuary to evaluate a new option to allow retired members who are currently only entitled to a lifetime pension to provide a continuance benefit to their current spouse, hereby approved by the following vote:

Ayes: Quick, Lombardi, Balekian, Fifield
Noes: None
Abstain: None
Absent: French

ON MOTION of Member Cliby seconded by Member Lombardi, duly carried, RESOLVED to approve fee proposal of \$1,500 per system authorizing the Board's Actuary to evaluate a new option to allow retired members who are currently only entitled to a lifetime pension to provide a continuance benefit to their current spouse, hereby approved by the following vote:

Ayes: Burry, Fifield, Lombardi, Cliby
Noes: None
Abstain: None
Absent: Guinn

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GENERAL DISCUSSION

REPORT FROM THE RETIREMENT ADMINISTRATOR ON RETIREMENT PROJECTS AND COMMITTEE ACTION AGENDAS

Administrator McDivitt reviewed the high-profile projects and Committee actions; Custodial Search, Investment Consultant search, Mid Cap and Small Cap manager searches, FY 04 Budgets, Securities Litigation Policy, Advisory Member interviews, update to Retirement Handbooks and Retirement Office Relocation.

Chair Burry requests a status report regarding the Working Agreement with the City with Administrator McDivitt responding.

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INFORMATION ONLY ITEMS

FRESNO CITY EMPLOYEES HEALTH AND
WELFARE TRUST AGENDA FOR THE
REGULAR BOARD MEETING OF FEBRUARY
12, 2003, MINUTES OF SPECIAL BOARD
MEETING OF JANUARY 21, 2003, AND
MINUTES OF REGULAR BOARD MEETING
OF JANUARY 8, 2003

Received.

FEBRUARY 20, 2003, INTERNET ARTICLE
REGARDING THE CALPERS BOARD
ELECTION FOR PRESIDENT

Received.

UNSCHEDULED ORAL COMMUNICATIONS

None.

PROPOSED AGENDA ITEMS FOR NEXT BOARD MEETING

None.

PUBLIC COMMENTS

None.

ADJOURNMENT – 2:52 p.m.

There being no further business to bring before the Board, and hearing no objections,
the Chairs declare the Joint Retirement Board regular meeting adjourned.

Brian Burry, Chair
Fire and Police Retirement Board

William Quick, Chair
Employees Retirement Board

Pattie Laygo
Retirement Board Secretary